

State Appeal Board Appropriations

The State Appeal Board is comprised of the Auditor of State, Treasurer of State, and the Director of the Department of Management. The purpose of the Board is to approve or reject the payment of claims against the State or a State employee and to resolve local budget protests. The Board will also ratify payments associated with court judgments and settlements against the State.

The majority of the expenditures approved by the Appeal Board are paid through a General Fund standing unlimited appropriation. Due to the statutory functions of the Board and the nature of the appropriation, year-end expenditures are difficult to estimate for budgeting purposes. Since FY 2001, the actual expenditures paid through the appropriation have exceeded the amount budgeted annually by the General Assembly and the Governor. During this period, the annual budget ranged from \$3.6 million to \$7.5 million; however, actual year-end expenditures averaged \$11.7 million.

When year-end expenditures exceed the amount budgeted, the excess is paid from the General Fund surplus. This ultimately reduces the amount of General Fund money that flows to the reserve funds.

Significant Payments

The following chart shows a comparison between the amount budgeted and the actual expenditures for FY 2001 through FY 2010. The total for FY 2010 represents year-to-date expenditures through the end of April 2010. While annual expenditures have exceeded the amount budgeted over the last 10 years, expenditures for FY 2004 and FY 2008 were substantially higher. Actual expenditures totaled \$24.2 million for FY 2004 and \$25.2 million for FY 2008.

The increases are largely due to several significant rulings and settlements. The significant expenditures for these two fiscal years are summarized below:

FY 2004

- \$10.7 million was paid to the Grow Iowa Values Fund due to a Supreme Court decision that found an item veto of HF 692 (FY 2004 Taxation, Economic Growth and Development Act) to be unconstitutional. While the case was being litigated, the Department of Economic Development was implementing the Grow Iowa Values Program and awarded \$10.7 million in grants prior to the Supreme Court decision. The Appeal Board payment was necessary to fulfill the State's contract obligations.
- \$5.0 million was paid from the General Fund for court rulings making the State liable for payment of back wages for overtime and per diem costs of certain classes of peace officers and correctional employees.
- \$6.5 million was paid for claims associated with the Iowa Lottery's TouchPlay settlements.
- \$7.4 million was expended for reimbursements to the federal government and to a subcontractor, International Simulation and Training Systems (ISTS). The payments were related to a settlement between the Department of Public Defense and the federal government involving mispending of federal funds and the early termination of a contract with ISTS.

FY 2008

- \$15.8 million was paid for claims associated with the Iowa Lottery's TouchPlay settlements.
- \$3.0 million was paid as a result of settlements at the Regents universities and the University of Iowa Hospitals and Clinics.
- \$3.3 million was paid for the final reimbursement to the federal government associated with the settlement involving the federal government and ISTS.

More Information

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Year-to-Date FY 2010

The State Appeal Board budget for FY 2010 is \$3.6 million. Through the end of June 2010, Appeal Board expenditures total \$8.2 million, exceeding the amount budgeted by \$4.6 million. The additional expenses will be funded from the FY 2010 General Fund surplus. Of the \$8.2 million, \$6.6 million was expended for settlements and judgments. The remaining \$1.6 million was expended for payment of out-dated warrants, and operational and support costs. The significant expenditures for Appeal Board settlements and judgments during FY 2010 include:

- \$5.1 million for payment of attorney fees related to lawsuit settlements at the University of Iowa Hospitals and Clinics and the Board of Regents universities.
- \$450,000 for settlement of claims involving the elimination the Lottery's TouchPlay Program.
- \$443,000 for various settlements, judgments, and attorney fees for cases involving the Department of Human Services.
- \$203,000 for various settlements, judgments, and attorney fees for cases involving the Department of Corrections.
- \$175,000 for a personal injury claim involving the Department of Administrative Services.
- \$110,000 for claims and attorney fees involving the Department of Workforce Development.

